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COMMONWEALTH TRUST COMPANY ANNUAL REPORT 1966



MAY 24 1967

COMMONWEALTH TRUST COMPANY

the only trust company operating solely
to serve the needs of Western Canadians



VANCOUVER

Head Office:

562 Burrard Street. Phone 683-7131

Executive Offices:

1414 - 510 West Hastings Street. Phone 683-7131

Branches:

1299 Kingsway. Phone 876-5561

Hastings and Richards. Phone 681-2377

Pender and Main. Phone 683-9691

6373 Fraser. Phone 321-2371

KAMLOOPS

118 Victoria Street. Phone 372-2535

KELOWNA

410 Bernard. Phone 762-2121

PRINCE GEORGE

1647 Third Avenue. Phone 563-0568

VICTORIA

727 Fort Street. Phone 386-7781

CALGARY

727 - 7th Avenue S.W. Phone 264-6131

DIRECTORS

A. G. Duncan Crux,
#1500 - 1770 Davie Street, Vancouver 5, B.C.

H. Ablowitz,
5411 Vine Street, Vancouver 13, B.C.

A. John Bow,
2025 West 27th Street, West Vancouver, B.C.

Arthur Dawe,
Hobson Road, R.R. #4, Kelowna, B.C.

Vernon Ellison,
Oyama, B.C.

John V. Fisher,
158 Barkley Terrace, Victoria, B.C.

Alexander Forst,
230 Onslow Place, West Vancouver, B.C.

Henning O. K. Hammerberg,
6008 Eagleridge Drive, West Vancouver, B.C.

Margaret A. Harling,
#2105 - 2055 Pendrell Street, Vancouver 5, B.C.

James A. Pattison,
775 King George Way, West Vancouver, B.C.

Cornelis G. Polvliet,
1129 Henlow Road, West Vancouver, B.C.

Harry A. Roberts,
21323 - 22nd Road, Haney, B.C.

Meredith D. Saunders,
4778 Elm Street, Vancouver, B.C.

Sydney W. Welsh,
2643 Nelson Street, West Vancouver, B.C.

Eldon M. Woolliams,
502 Canada Permanent Building,
316 - 8th Avenue S.W., Calgary, Alberta

OFFICERS

President, A. G. Duncan Crux

Vice-President and Treasurer, Cornelis G. Polvliet

Vice-President, John V. Fisher

Executive Manager and Secretary, Bernard M. Miller

ADVISORY BOARDS

VANCOUVER

Jack Chow
Harry Lee

KAMLOOPS

Cyril H. Day
Ray Fuoco
Gung Loy Jim
Ernest Klapstock
Charles Wawn
Jarl Aa. B. Whist

KELOWNA

Thomas Capozzi
Charles Gaddes
Melvan Kawano
Mabel H. Martin
Thomas Tomiye
H. S. Harrison Smith, *Legal Counsel*

NELSON

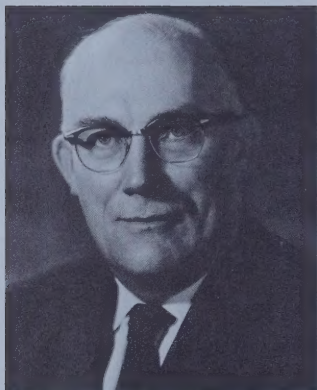
George B. Arnesen

PRINCE GEORGE

Kenneth McDermid
Melvin E. H. Rustad

TRAIL

Wm. T. Waldie
John R. Harrigan
Stuart N. Mitchell
Wm. K. Gwyer



A. G. DUNCAN CRUX
PRESIDENT

PRESIDENT'S REPORT TO SHAREHOLDERS:

During the latter part of 1965 an unusual situation prevailed throughout the North American economy. On the one hand, business was booming, with corporate profits and wage levels reaching record highs; on the other hand, however, money was fast growing tighter in many fields with the result that mortgage funds for residential construction and capital for business purposes were increasingly difficult to obtain. This tight money cycle, so frustrating for many, did, however, broaden the scope and opportunities of those companies that were equipped to provide their clients with the financing means and methods required under the circumstances. Your Trust Company, being highly flexible and relatively small, has succeeded in adapting its policies to the changed conditions. With the necessary funds in hand, it has managed to satisfy the needs of this elusive market and, as shown in the financial statement, has done so at a profit.

Looking at the year's operations in detail, a highlight was the formation of a profitable Real Estate Department — which should expand considerably during the current year. In the Prince George area prospects appear highly favourable for this enterprise. Your Trust Company's insurance activities have also expanded through the medium of Centennial Insurance Agencies Ltd., and progressive development is expected in all branches of the insurance business, including life insurance.

At this time of the year the lack of sufficient and reliable information makes it impossible to forecast business trends confidently for the ensuing year. Notwithstanding an unpredictable business climate, your Trust Company is confident that it has the experience, the competency, and the fiscal tools that are the prerequisites of success when dealing with the challenging opportunities that lie ahead.

This confidence is supported by the success we had during the past year while our type of fiscal operations were retarded and impeded by serious monetary and credit restrictions.

Because of this, the elasticity of the organization, the diversity of its fields of operation, and the capability of its staff, the Trust Company anticipates a profitable overall growth. Two noteworthy expressions of such faith and optimism are the new office opened during 1966 in Calgary, and the move to a superior location in Kelowna.

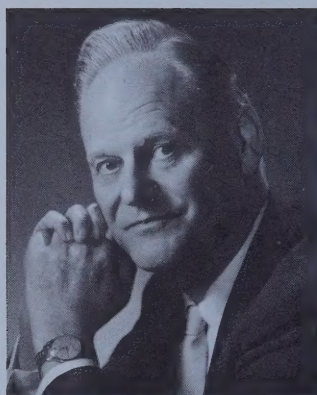
Keenly aware of the importance to continued success of a well trained and fully qualified staff, your directors are ensuring that new developments in business and modern methods of organization are promptly utilized for the benefit of customers. To accomplish this the Company has conducted seminars and training courses for both its executives and its staff, and will continue to do so as a matter of policy.

The expansion of deposits has resulted in a proportionate expansion of your Trust Company's equity and many new shareholders were welcomed as members of Commonwealth Trust Company. Continued growth depends as much on the active participation and interest of shareholders as on any other factor. In recognition of these facts, the successful policy of welcoming new shareholders will be continued.

In closing, I extend my thanks to members of our advisory boards, directors, officers and all staff members for their loyalty, co-operation and diligence during the year.

November 21st, 1966,
Vancouver, B.C.

A. G. DUNCAN CRUX,
President.



DR. C. G. POLVLIET
VICE-PRESIDENT

VICE-PRESIDENT'S REPORT TO THE SHAREHOLDERS

It is my pleasant duty to submit to you our Annual Report for the year ended the 30th of September, 1966. That year was a challenge to all those active in a business similar to ours; a year when financial conditions changed materially on this continent and in Europe under rising interest rates and threats of inflation. In Canada, we faced drastic changes in the money market and, during the latter part of 1965, for many companies such as ours, the source of short-term monies for financial operations disappeared almost overnight. We do not expect the high interest rates to change in the near future, but we feel that a further rise in rates is unlikely. With interest rates showing little or no decline, and the credit situation becoming increasingly acute, the government can be expected to place greater emphasis upon fiscal anti-inflationary weapons to supplement monetary policy. In our opinion, it will take some time for these weapons to have any significant effect in easing the overall credit stringency. Much, of course, will also depend on federal and provincial government spending policies.

During the year under review, your Company maintained a high degree of liquidity to meet current circumstances. Its deposits rose from approximately \$14 million in September, 1965 to more than \$22 million in September, 1966; its mortgage portfolio of \$14 million is \$4½ million higher than last year. Most of the mortgage contracts have a short or middle-term character to enable the Company better to face the changes in monetary conditions. Our equity capital has been strengthened and it will be our policy to attract more capital in in order better to face the changes in fiscal conditions. It has always been our policy to maintain a sound ratio between the Company's total equity capital and its deposit liabilities. The value of assets under administration, which now amounts to almost \$50 million, reflects the growth and development of our operations.

We are following with interest parliamentary discussions in Ottawa in connection with the revision of the Bank Act. We believe that legislation governing near-bank institutions, along the lines suggested in the Porter Report, is important to their further development, their security, and the scope of their service functions. These financial institutions have played an important role in the past. They should play a far more important one in the future economic growth of Canada, and we suggest that it would be in the public interest to develop a national system of audit and inspections, and that insurance of deposits by a federal agency, following the United States system of insurance of deposits of bank and savings and loan companies up to \$15,000 is to be highly commended. If provided, such insurance would, in our opinion, greatly increase the flow of Canadian and foreign funds to these institutions. In this context it is interesting to note how active the United States savings, and loan companies are in attracting deposits from outside their national borders.

For the time being, however, our primary effort will be concentrated in British Columbia development. We are a British Columbia Company and we believe that there is a need for our diversified services here and that there are attractive opportunities for profits in various communities in this province.

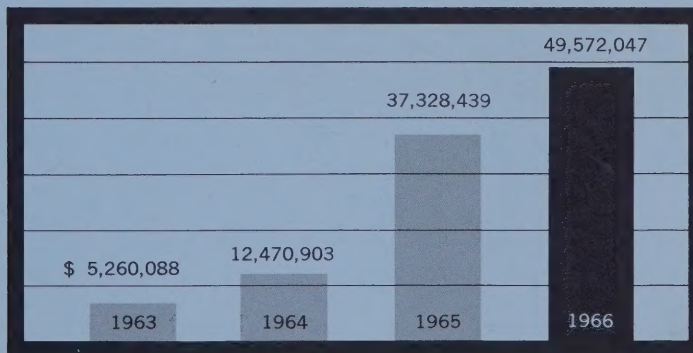
More than ever before we intend to assist our clients, after interim financing has been arranged, with the long-term financing of their projects by private or public placements. We know that there is a definite need for this type of service, especially in the western part of Canada, and we consider this a part of the financial service your Company should give.

Our management services are growing rapidly and the various companies your Company manages require a staff of approximately two hundred and fifty people. The loyalty of our staff and its enthusiasm for developing the Commonwealth Group is a constant source of satisfaction.

November 21st, 1966,
Vancouver, B.C.

C. G. POLVLIET,
Vice-President.

ASSETS UNDER ADMINISTRATION



NEW OFFICES SERVE TWO DYNAMIC CENTRES



CALGARY

The introduction of Commonwealth Trust services to this booming Alberta city was a natural step in the steady expansion of the Company's operations. Alberta residents had already become familiar with the friendly Commonwealth manner of doing business through local branches of affiliated com-

panies in the mutual fund, savings plan and finance fields. Now, at modern offices in Calgary's impressive Guinness Building, an experienced staff look forward to serving southern Alberta residents with a full range of trust services.



KELOWNA

Since beginning operations in this charming Okanagan centre in 1963, Commonwealth Trust has enjoyed an overwhelming response to its services. The opening of new offices at 410 Bernard Avenue in August, 1966, was a direct result of this success . . . and an expression of the Company's confidence in a

rewarding future serving not only local residents, but people throughout the Okanagan Valley. Under manager Bruce Mearns, this branch typifies the spirit of youthful enterprise and sound business sense which, above all, have been responsible for the dramatic rise of Commonwealth Trust.

COMMONWEALTH TRUST COMPANY
BALANCE SHEET AS AT SEPTEMBER 30, 1966
(With Comparative Figures for 1965)

| ASSETS | | |
|---|---------------------|---------------------|
| | 1966 | 1965 |
| FUNDS AT BANKS AND ON HAND AND HELD IN TRUST BY AGENTS..... | \$ 1,385,379 | \$ 685,290 |
| MARKETABLE SECURITIES (Note 1) | | |
| Federal, Provincial and Municipal Government Bonds..... | 4,110,112 | 2,427,866 |
| Canadian Corporation Bonds, shares and short term notes..... | 3,930,984 | 2,488,358 |
| | <u>8,041,096</u> | <u>4,916,224</u> |
| ACCOUNTS AND NOTES RECEIVABLE AND SUNDRY OTHER ASSETS..... | 988,029 | 719,410 |
| MORTGAGES AND AGREEMENTS FOR SALE, including accrued interest (Note 2)..... | 14,008,562 | 9,583,910 |
| OFFICE PREMISES AND EQUIPMENT, at cost less amortization and depreciation..... | 181,372 | 143,342 |
| | <u>\$24,604,438</u> | <u>\$16,048,176</u> |
| ASSETS UNDER ADMINISTRATION | | |
| Company and Guaranteed Assets..... | 24,604,438 | 16,048,176 |
| Securities and cash for Trusts and Agencies..... | 11,167,609 | 11,160,263 |
| Assets under Management Contracts..... | 13,800,000 | 10,120,000 |
| | <u>\$49,572,047</u> | <u>\$37,328,439</u> |

The attached notes to the financial statements shall be read as an integral part hereof.
 Approved on Behalf of the Board

A. G. DUNCAN CRUX, *Director.*

C. G. POLVLIET, *Director.*

*This is the Balance Sheet referred to in the accompanying Report of Gunderson Stokes Walton & Co.,
 Chartered Accountants, Dated November 7, 1966.*

LIABILITIES AND SHAREHOLDERS' EQUITY

| | 1966 | 1965 |
|--|---------------------|---------------------|
| GUARANTEED TRUST FUNDS FOR INVESTMENT | | |
| Chequing and Savings Accounts..... | \$13,932,947 | \$10,829,361 |
| Time Deposits and Investment Certificates..... | 8,207,998 | 3,532,881 |
| | <u>22,140,945</u> | <u>14,362,242</u> |
| ACCOUNTS PAYABLE AND ACCRUED EXPENSES..... | 425,250 | 348,647 |
| PROVISION FOR ESTIMATED INCOME TAXES..... | 5,929 | — |
| PROVISION FOR REBATE OF MORTGAGE INTEREST..... | 50,552 | 52,840 |
| UNAMORTIZED DISCOUNTS ON MORTGAGES AND AGREEMENTS FOR SALE..... | 34,564 | 7,777 |
| SHAREHOLDERS' EQUITY | | |
| Share Capital: (Note 3) | | |
| Authorized | | |
| 100,000 Class A 7½% cumulative voting Preference Shares of \$10 each..... | \$ 1,000,000 | |
| 400,000 Class B Common Shares of \$10 each..... | 4,000,000 | |
| | <u>\$ 5,000,000</u> | |
| Issued subject to payment wholly in cash | | |
| 20,000 Class A Preference Shares (1965 — 5,345 Shares) | 200,000 | 53,450 |
| Less uncalled and unpaid..... | 145,964 | — |
| | <u>54,036</u> | <u>53,450</u> |
| 160,858 Class B Common Shares (1965 — 118,330 Shares)..... | 1,608,580 | 1,183,300 |
| Less uncalled and unpaid..... | 535,624 | 425,450 |
| | <u>1,072,956</u> | <u>757,850</u> |
| Less forfeited (Note 4)..... | 57,950 | — |
| | <u>1,015,006</u> | <u>757,850</u> |
| | <u>1,069,042</u> | <u>811,300</u> |
| Contributed Surplus: | | |
| Premium on Class A and Class B Shares, net..... | 630,310 | 355,284 |
| Earned Surplus..... | 247,846 | 110,086 |
| | <u>1,947,198</u> | <u>1,276,670</u> |
| | <u>\$24,604,438</u> | <u>\$16,048,176</u> |

COMMONWEALTH TRUST COMPANY
STATEMENT OF INCOME AND EARNED SURPLUS FOR
THE YEAR ENDED SEPTEMBER 30, 1966

(With Comparative Figures for 1965)

| | 1966 | 1965 |
|---|-------------------|-------------------|
| GROSS INCOME..... | \$ 1,777,464 | \$ 1,203,597 |
| Deduct provision for rebate of mortgage interest..... | 9,744 | 13,176 |
| | <u>1,767,720</u> | <u>1,190,421</u> |
| GENERAL, ADMINISTRATIVE AND INTEREST EXPENSES..... | 1,577,362 | 1,069,007 |
| | <u>190,358</u> | <u>121,414</u> |
| AMORTIZATION AND DEPRECIATION..... | 41,239 | 29,386 |
| | <u>149,119</u> | <u>92,028</u> |
| INCOME BEFORE PROVISION FOR ESTIMATED INCOME TAXES..... | | |
| | <u>7,350</u> | <u>(3,300)</u> |
| PROVISION FOR ESTIMATED INCOME TAXES PAYABLE (RECOVERABLE)..... | | |
| NET INCOME FOR THE YEAR..... | 141,769 | 95,328 |
| | <u>110,086</u> | <u>23,104</u> |
| EARNED SURPLUS AT THE BEGINNING OF THE YEAR..... | | |
| | <u>251,855</u> | <u>118,432</u> |
| <i>Deduct:</i> | | |
| Dividends on Class A Preference Shares..... | 4,009 | 1,085 |
| Incorporation expenses written off..... | — | 7,261 |
| EARNED SURPLUS AT THE END OF THE YEAR..... | <u>\$ 247,846</u> | <u>\$ 110,086</u> |

This is the statement of Income and Earned Surplus referred to in the accompanying report of
Gunderson Stokes Walton & Co., Chartered Accountants,
Dated November 7, 1966.

COMMONWEALTH TRUST COMPANY

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 1966

1. MARKETABLE SECURITIES

Marketable securities are stated at cost plus accrued interest. Their market value as at September 30, 1966 was \$7,724,444 and as at September 30, 1965 was \$4,833,568.

2. MORTGAGES AND AGREEMENTS FOR SALE

(a) Includes \$2,553,350 receivable in respect of certain mortgages and agreements for sale having an aggregate principal balance of \$2,784,198. Only the former amount, being the difference between the sums originally laid out to acquire the contracts and the total collected on account of principal payments required to be made by the terms thereof, is shown as receivable inasmuch as the assignors have the right to repurchase any or all of these contracts for a price determined on this basis. The agreements with the assignors also provide that the Company is entitled to a yield of 8% on its investment in the said contracts and that the assignors make up any shortfall in regard to both income return and investment recovery.

(b) Includes \$1,672,033 allocated against commitments outstanding at September 30, 1966 to take or acquire certain mortgages and agreements for sale for which funds were disbursed and the contracts completed by November 4, 1966.

3. SHARE CAPITAL

The class A shares have a preference as to a 7½% cumulative dividend, payable semi-annually, and as to a return of capital on winding-up or dissolution, but do not otherwise participate in the profits or assets. The class B shares are entitled to all the profits and assets after the claims of the preference shares have been satisfied. Both classes of shares have equal voting rights.

4. FORFEITED SHARES

On March 31, 1966 the Company instituted legal proceedings against a shareholder for the recovery of all sums of money owing in respect of his purchase of common shares and sundry other indebtedness, and for a declaration that a lien attaches to said shares on account thereof. On July 13, 1966, by resolution of the Directors, 8,500 of the shares held and designated as class B common were declared forfeited for non-payment of calls aggregating \$57,950. The shareholder has challenged the propriety of these calls and has commenced an action claiming that they are invalid and of no force and effect, and seeking damages and costs.

It is the opinion of the Company's legal counsel that Commonwealth Trust Company will not suffer any financial liability, other than legal fees, by reason of the two actions referred to.

AUDITORS' REPORT

TO THE SHAREHOLDERS OF
COMMONWEALTH TRUST COMPANY

We have examined the Balance Sheet of Commonwealth Trust Company as at September 30, 1966 and the statement of income and earned surplus for the year ended on that date and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

The assets held for clients and for guaranteed accounts are kept separate from the Company's own assets and are so earmarked on the books of the Company as to show the accounts to which they belong.

In our opinion the accompanying balance sheet and related statement of income and earned surplus present fairly the financial position of the Company as at September 30, 1966 and the results of its operations for the year ended on that date in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Vancouver, B.C.,
November 7, 1966

GUNDERSON STOKES WALTON & CO.,
Chartered Accountants.

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✓
✓
✓
✓

CAPITAL STOCK DISTRIBUTION PROGRESSES

Commonwealth Trust has played an increasingly important role in the development of this province.

The Company has combined a tremendous growth rate with an excellent profit picture to become a well-established firm with a great future in a rapidly-expanding British Columbia.

As director in charge of capital stock distribution it has been my very great pleasure to meet and become friends of nearly all the people who have placed their faith in Commonwealth and British Columbia through share ownership.

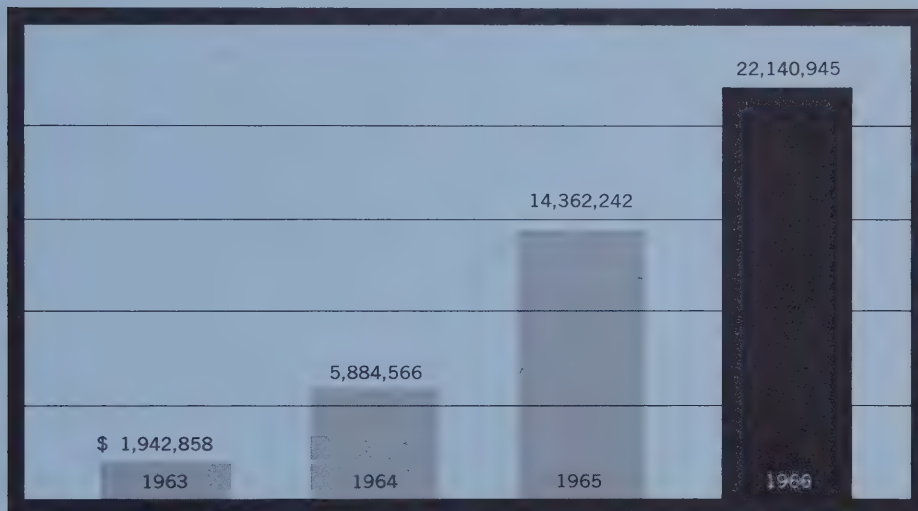
All Canadians should be aware of the tremendous growth potential of Western Canada, and all should be aware of the average person's opportunity to participate in this growth through ownership in shares of companies.

The financial statements indicate the growing numbers of people who are joining with us. To those of you who have just joined us, we welcome you; to our supporters of years past, we can assure you that many years of prosperity lie ahead for Commonwealth shareholders.

H. O. K. HAMMERBERG,
Director.

A UNIQUE RANGE OF SERVICES PROMPTS CONTINUED GROWTH IN WESTERN CANADA

GROWTH OF DEPOSITS 1963-1966



SAVING WITH COMMONWEALTH TRUST

Only Commonwealth Trust offers a full $4\frac{1}{2}\%$ on savings and chequing accounts plus a wide selection of valuable free gifts. In addition, chequing account holders enjoy a limited number of free cheques.

Through Guaranteed Investment Certificates, Commonwealth Trust offers investors the highest guaranteed interest rates in British Columbia. Interest begins at $6\frac{1}{8}\%$ on deposits of one year, increasing to $6\frac{1}{2}\%$ for a period of five to ten years.

At each conveniently located Commonwealth Trust Company office there is a savings department with a courteous and competent staff. Deposits by mail are available, postage being paid by Commonwealth Trust Company.

GUARANTEED SAVINGS CERTIFICATES

Guaranteed Savings Certificates are a new idea from Commonwealth Trust, designed to make your money grow faster. You purchase, on a discount basis, Certificates which, if held for 7 years, earn the equivalent of 6% compound interest — that means a 50% increase in your money! You can buy Certificates in 4 denominations — or multiples thereof: a purchase price of \$10 becomes \$15, \$25 becomes \$37.50, \$50 becomes \$75, and \$100 becomes \$150.

Guaranteed Savings Certificates may be redeemed at any time, without penalty. Certificates must be held for 7 years to receive the benefit of 6% compound interest — but even after 6 months a substantial earning is realized because:

Certificates cashed within the 1st to 3rd years inclusive earn 4½%.

Certificates cashed within the 4th and 5th years inclusive earn 5%.

Certificates cashed within the 6th and 7th years inclusive earn 5½%.

ADMINISTRATION OF ESTATES

Commonwealth Trust Company provides skilled and experienced staff for the administration of estates and estate planning, persons qualified to handle the involved matters of income tax and succession duties today. Advice is readily available for the preparation of wills precisely suited to every individual's requirements.

CORPORATE TRUST SERVICE

Commonwealth Trust Company acts as transfer agent and registrar of stocks and bonds, as dividend disbursing agent, as trustee under bond mortgages securing issues of bonds or notes, as trustee of pooled stock, as escrow agent and in many other capacities.

PENSION FUND TRUSTEE

Pension trust officers at Commonwealth are well qualified to assist your company in the preparation and administration of pension plans and profit sharing plans, supplemental unemployment benefit plans, thrift and savings plans for groups, registered retirement savings plans for professional and self employed, etc.

CUSTODIAN OF SECURITIES

The Company provides safekeeping services for individual and corporations, safeguarding securities, collecting interest, maintaining records, preparing and filing income tax and other statements, in the meantime advising

clients upon maturities, redemptions and reorganizations of their corporate investments.

INVESTMENT MANAGEMENT

Commonwealth Trust Company's investment advisory service enjoys the direction of a specially qualified investment committee and is backed by many years successful operation of an outstanding Canadian mutual fund. Investment management is one of the many routes open today to the investor seeking above average profits. Fees for this service are small and are deductible for tax purposes.

PERSONAL TRUSTS AND AGENCIES

A living or voluntary trust is frequently the best means of providing for your dependants. Commonwealth Trust service frees you from financial worries and protects you against loss.

MORTGAGES ON REAL ESTATE

First mortgages constitute the largest single area of investment by Commonwealth Trust Company. Because this investment is made mainly within the Province of British Columbia, it marks an important contribution to the development of the Province. First mortgage requirements of any reasonable amount can be satisfied by Commonwealth Trust Company with supplemental funds available through Centennial Mortgage Corporation Ltd. for which Commonwealth Trust serves as fiscal agent.

THE COMMONWEALTH GROUP OF COMPANIES PROVIDE MANY RELATED SERVICES FOR CUSTOMERS OF COMMONWEALTH TRUST

COMMONWEALTH INVESTORS SYNDICATE

Commonwealth Investors Syndicate was incorporated as a private company under the name of Commonwealth Realty Ltd. on the 23rd day of June, 1948 and was converted to a public company in March, 1964. In 1952 the Company changed its name to Commonwealth Investors Syndicate Ltd.

Shortly after the last World War, the Company opened a new residential area situated along the north side of the golf course in the Endowment Lands of the University of British Columbia. This beautiful subdivision, with individually designed homes, is now one of the beauty spots of the University area. In 1953 the Company commenced the development of a prestige residential community of some 96 acres, known as St. Helen's Park, which lies about thirty minutes driving time from downtown Vancouver. This delightful property, opposite New Westminster and overlooking the Fraser River and the Patullo Bridge, comprises about 300 high quality homes, elementary school, shopping plaza with parking area for approximately 100 cars and other ancillary community facilities designed to serve the needs of a population of approximately 1,000 people. St. Helen's Park lies in an area of relatively low rainfall and enjoys a sunny equitable climate. The development consists almost entirely of single family units with an average marketable value of \$20,000. Future planning includes the construction of garden courts and high rise apartments on a high crest, near the shopping centre, which will give the residents a magnificent view of the Fraser River Valley.

Towards the close of 1954, the Company with other business associates, co-operated in the acquisition for development of a large tract of land in the Delta municipality, now known as Sunshine Hills. This property is in the course of development and is destined to be a model suburban community.

Most of the property, of approximately 500 acres, is situated on high sloping ground, overlooking Boundary Bay, the Lower Fraser-Delta lands and Vancouver Island.

In March, 1955 the Company created a controlled subsidiary under the name of Commonwealth Savings Plan Ltd., which is an investment corporation having assets exceeding six million dollars.

At the present time there are several thousand depositors throughout Western Canada; these are served by representatives from offices located in large centres in Western Canada. Commonwealth Savings Plan Ltd. is regulated by the Investment Contracts Act in force in each province where operations are carried on.

In its course of business, the Company has acquired the control of, or a substantial interest in, various other corporations so that at present it has many aspects of a holding company. Dividends flowing to the parent Company from subsidiary tax paying companies are free of taxation. The policy of the Company to have a wide diversification should insure a constant growth and security factor which is of such importance to the prudent investor.

In 1964 the Company purchased a major interest in Commonwealth Acceptance Corporation Ltd. Under the direction of the holding company, Commonwealth Acceptance Corporation Ltd. increased its earnings and is in the process of further enlargement which

should result in increased profits. The Company also has a substantial interest in Commonwealth Trust Company, the fastest growing British Columbia Trust Company, and, as a result, has arranged management contracts whereby the Trust Company permits Commonwealth Acceptance Corporation Ltd. to operate through its various offices in British Columbia and Alberta. This arrangement effects substantial savings for Commonwealth Acceptance Corporation and gives it outlets that would otherwise be unavailable.

During 1965 the Company acquired approximately 51% of the outstanding common shares of Centennial Mortgage Corporation Ltd. and is presently arranging to reorganize the operations between Commonwealth Acceptance Corporation Ltd. and Centennial Mortgage Corporation Ltd. The controlling interest has now been transferred to Commonwealth Acceptance Corporation Ltd., for the benefit of the financing and administration of both companies.

In the operation of its business affairs, the Company engages the services of professionals in law and accountancy and endeavours at all times to co-operate with the various government departments at all levels from the municipal to the federal.

COMMONWEALTH ACCEPTANCE CORPORATION LTD.

Originally known as Vancouver Finance Co. Ltd. and later as Credit Acceptance Corporation Ltd., the Company changed its name to Commonwealth Acceptance Corporation Ltd. in March, 1965 and is now engaged in discounting dealers' conditional sales agreements in respect of the purchase of automobile and domestic appliances by consumers. Certain direct consumer financing is transacted also. The Company is controlled by the parent company of the group, and is under a management contract to Commonwealth Trust Company through whose offices it now operates in Vancouver, Victoria, Kamloops, Kelowna, Prince George and Calgary, Alberta.

The Company is involved in the direct finance business in British Columbia, Alberta and the United States. It has two offices in Los Angeles and one in Vancouver, Washington. A substantial part of the working capital is still employed in the direct finance business, however, the policy of the Company during the past year, more and more, is based on diversified activities; besides the mortgage business, funds are made available for the real estate development business. The brokerage business is bringing more and more attractive results.

CENTENNIAL MORTGAGE CORPORATION LTD.

Centennial Mortgage Corporation Ltd. was incorporated under the laws of the Province of British Columbia on July 25, 1958.

The Company carries on business in the Province of British Columbia through offices of Commonwealth Trust Company and is engaged in making loans secured by first and second mortgages on real estate and by agreements for sale.

There are many classes of residential, commercial and industrial real estate to which government-insured loans under the National Housing Act do not apply. Due to rapid economic expansion there is a strong demand for flexible, diversified mortgage loans of a type not available under the National Housing Act and of an amount or type not provided by many mortgage institutions. It is mainly this sphere of activity to which the Company directs its attention.

CENTENNIAL INSURANCE AGENCIES LTD.

The Company became a member of the Group towards the end of 1965 and is now conducting a growing business in the general insurance field as agent for several leading Canadian and other insurance companies. The Company is authorized to conduct agency business in life assurance in addition to general insurance and it will be expanded to meet the demands not only of the Group but of its many external customers also.

U.S. AFFILIATES

As prime policy the Group considers it most important to enter the financial markets in the United States and to develop a strong position in the money markets of the western world.

For this purpose, in 1965, the parent Company caused Commonwealth Acceptance Corporation Ltd. to acquire via a subsidiary operation, a financial institution in California known as Finance Associates, which has assets and credits approximating \$2,000,000.

COMMONWEALTH SAVINGS PLAN LTD.

Commonwealth Savings Plan Ltd. is an investment corporation having assets exceeding six million dollars and it offers the following variety of savings certificates through which depositors may choose a plan to suit their individual requirements:

- (a) Installment savings certificates whereby a person may accumulate a predetermined sum of money by regular deposits over any term from six to twenty-five years.
- (b) Single deposit certificates.
- (c) Insured savings plans.
- (d) Registered Retirement Savings Plans.
- (e) Annuities.
- (f) Deposit Accounts.
- (g) Redeemable savings certificates.

At the present time, there are several thousand depositors throughout Western Canada; these are served by representatives from offices located in large centres in Western Canada. Commonwealth Savings Plan Ltd. is regulated by the Investment Contracts Act in force in each province where operations are carried on.

DIVERSIFIED INCOME SECURITIES LTD.

Diversified Income Securities Limited is a Company incorporated pursuant to the Companies Act of the Province of British Columbia and it was formed specially to meet the needs of investors with varying amounts of money by creating and distributing mutual funds. The Company has created, for this purpose, Trust Funds comprised of a diversified list of the common stock of leading Canadian industries and sells and distributes shares therein which are known as Diversified Income Shares. The proceeds of the sale of these shares are invested solely in stock of the portfolio, otherwise known as the "underlying securities". The Custodian, Trustee and Transfer Agent of the Fund is Commonwealth Trust Company, with its head office at 562 Burrard Street, Vancouver, B.C. and other offices throughout the Province.

The Fund was commenced with a fixed regular portfolio and fixed alternate list consisting of fifteen corporations in each list. Subsequent amendments were made to allow for changes in economic conditions, mergers and other factors but the general policy has been and still is to continue the fund as a cross section of the Canadian economy. The portfolio and alternate list may be varied from time to time as appears beneficial to the fund but the investments will be restricted, by policy, to shares in corporations carrying on business within Canada.

